WEEKLY ECONOMIC REVIEW

August 10, 2007

Labor markets remain tight in Alberta and Canada. Alberta employment rose by 14,000 in July, pushing the unemployment rate to a low of 3.3%. The increase was mainly due to gains in health care and social assistance and trade sectors. Nationally, employment increased by 11,300 in July and outpaced the number of new entrants into the labor force, resulting in the unemployment rate dropping to 6.0%, its lowest level since 1974.

U.S. employment increased by 92,000 in July, leaving the unemployment rate essentially unchanged at 4.6%.

The U.S. Federal Reserve, as widely anticipated, kept its Federal Funds rate unchanged at 5.25% for the ninth consecutive meeting. In its policy statement, the Fed continued to identify inflation as the major economic risk, although tightening credit conditions and a nationalwide housing slump have increased downside risks to the economy.

The housing market is cooling off in Alberta and Canada from peak levels experienced in the last three years. Alberta housing starts fell for the fourth consecutive month in July, down 3.9% from June. Compared to the same month in 2006, housing starts decreased by 15.1%. Nationally, housing starts were down 4.3% in July as both multiple and single-detached starts declined from June levels.

Cdn Dollar (US¢/CS)

August 10, 2007	94.9
August 3, 2007	95.0
2007-08 YTD	92.4

WTI Oil US$/bbl

August 9, 2007	$ 71.59
August 2, 2007	$ 76.86
2007-08 YTD	$ 67.81

Nymex Natural Gas CS/MMBtu *
September Contract

August 10, 2007	$ 7.09
August 3, 2007	$ 6.52

*Estimate based on Nymex Futures Market Price

Canadian new house price growth continued to slow in June for the eighth straight month. Although the New Housing Price Index rose by 7.8% from June 2006, this was its lowest increase in 15 months. Alberta new home prices rose by 21.3% in June, cooling off from the historical highs recorded in 2006. While Edmonton's housing prices remained strong (+31.9%) in June, Calgary's prices continued to moderate, rising by only 14.7%, the lowest pace of growth since October 2005.

Amid credit fears linked to the U.S. subprime mortgage sector, the Dow Jones Industrial Average plunged 2.83% on Thursday, its second worst loss since February 27, 2007. Oil prices slipped below $72 on worries that U.S. economic woes may weaken energy demand.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
Employment (000s)	**July**			
Alberta	1,969	0.7%	5.3%	5.1%
Canada	16,849	0.1%	2.1%	2.2%
United States	138,122	0.1%	1.4%	1.5%
Housing Starts (000s)[2]	**July**			
Alberta	43.9	-3.9%	-15.1%	-3.4%
Canada	215.6	-4.3%	-8.6%	-5.4%
New House Price Index (1997=100)	**June**			
Alberta	245.5	0.6%	21.3%	32.2%
Canada	153.1	0.7%	7.8%	9.1%

Source: Statistics Canada

[1]Year-to-date 2007 compared to the same period in 2006.[2] Seasonally adjusted at annual rates.